

BOARD OF EDUCATION
TOWNSHIP OF COMMERCIAL SCHOOL DISTRICT
COUNTY OF CUMBERLAND
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS-
FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

TOWNSHIP OF COMMERCIAL SCHOOL DISTRICT

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November 27, 2015

REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Township of Commercial School District
County of Cumberland, New Jersey 08349

We have audited, in accordance with generally accepted audit standards and **Government Auditing Standards** issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Township of Commercial School District in the County of Cumberland for the year ended June 30, 2015, and have issued our report thereon dated November 27, 2015.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Commercial Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and District personnel entrusted with duties formally under the auspices of the Treasurer of School Monies, the activities of the Board of Education, the records of the Student Activity Fund, Food Service Fund and Special Revenue Fund under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule, contained in the district's CAFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Pamela Zook	School Board Administrator/Board Secretary	\$100,000

There is a Blanket Employee Dishonesty Bond with Selective Insurance covering all employees with coverage of \$100,000. Adequacy of insurance coverage is the responsibility of the Board of Education.

Tuition Charges

There were no charges representing payments from parents of students not residing in the school district. The board did not have any billings to sending districts for tuition and accordingly, there were no adjustments required arising from actual per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f)3.

District Internal Control Policies

District boards of education and administration are responsible for developing internal controls policies and procedures and maintaining a strong internal control environment. NJAC 6A:23A-6.4 requires that the district's internal control policies include specific requirements at NJAC 6A:23A-6.5 through 6.13.

All Internal Control Policies were found in accordance with NJAC 6A:23A-6.5 through 6.13.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Financial Planning, Accounting and Reporting (Continued)

Certification of Income Tax Compliance

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (Superintendent and Business Administrator) to the N.J. Department of Treasury was filed by the March 15 due date.

Payroll Account and Position Control Roster

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the School Business Administrator/Board Secretary, and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2015 for goods not yet received or services not yet rendered, and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for proprietary and to determine that goods were received and services were rendered as of June 30, 2015.

Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures Against Those Federal Grants Awards

Various amounts over one year old, previously reflected as due back on Federal Grants, were resolved.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings – NONE

B. Administrative Classification Findings - NONE

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records

The financial records, books of accounts maintained by the Secretary were in satisfactory condition.

Acknowledgment of the Board's receipt of the Board Secretary's and Treasurer's monthly financial reports was included in the minutes.

Monthly financial certificates of the Board Secretary and Board of Education for positive line item account status certifications (N.J.A.C. 6:2-2.13) were performed. Budgetary line item account transfers were approved monthly to cover any anticipated deficits.

Considerable improvement was noted during the year regarding the maintenance of the general ledger and budget systems and while some adjustments were made, as part of the audit process, no recommendation is necessary.

Purchase orders were generally charged to the appropriate line item accounts in accordance with the State prescribed **Uniform Minimum Chart of Accounts (2R2) for New Jersey Public School.**

Treasurer's Records – Board Secretary's Office

Board Secretary personnel prepared cash reconciliations for the general operating account, payroll account and payroll agency account per N.J.S.A.18A:17-9.

The Treasury records were in agreement with the records of the Board Secretary.

All cash receipts were promptly deposited. (N.J.S.A.18A:17-34, 18A:17-9.1)

The Treasury reports were filed in a timely manner.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue Section of the **CAFR**. This section of the **CAFR** documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary School Education Act as amended and reauthorized.

Our audit of the E.S.E.A. funds, on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The study of compliance for E.S.E.A. indicated that all E.S.E.A. programs were in compliance.

Other Special Federal and/or State Projects

The District's special projects were approved as listed on Schedule A and Schedule B located in the **CAFR**

Our audit of the federal and state funds, on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the **CAFR**. This section of the **CAFR** documents the financial position pertaining to the aforementioned special projects. The study of compliance for special projects indicated no areas of noncompliance.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Reports for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general are available on the website:
http://www.state.nj.us/dca/divisions/dlgs/programs/ps_contracts.html.

The current statute is posted on the New Jersey Legislature website at:
http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_pg42

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,300 for 2014-15.

The District Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made. Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977; therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that Computers were purchased from vendors approved for state contract.

The review of contracts and agreements did not disclose any areas of statutory noncompliance.

Although a particular contract is exempt from the formal requirements of public advertising and competitive bidding, N.J.S.A. 18A:18A-37 requires that quotations be obtained, whenever practical, for any contract less than the bid threshold but 15% or more of that amount, except for contracts for professional services. All contracts and agreements, which are subject to quotations, shall be awarded on the basis of the lowest responsible quotation received, which is most advantageous to the Board of Education, price and other factors considered.

School Food Service

The financial transactions and statistical records of the School Food Service Fund were reviewed. The financial accounts, meal and milk count records and eligibility applications were reviewed on a test-check basis. During our examination no exceptions were noted.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the **CAFR**.

Cash receipts and bank records were reviewed for timely deposit.

The number of meals and milks claimed for reimbursement was verified against sales and meal count records. As part of the claims review process, the edit check worksheet was completed. Reimbursement claims were submitted and certified in a timely manner.

Applications for free and reduced price meals and free milks were reviewed for completeness and accuracy. The number of free and reduced price meals and free milks claimed as served for the entire school year did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price meal and free milk policy is uniformly administered throughout the school system which includes two schools. The required verification procedures for free and reduced price applications were completed and available for review.

School Food Service (Continued)

Time sheets and labor costs are maintained on all school food service employees by the management service company. During our examination no exceptions were noted.

Food Distribution commodities were received and a single inventory was maintained on a first-in, first-out basis by food-service employees under the supervision of the management service company, Nutri-Serve.

The District entered into a management service contract with NutriServe in accordance with N.J.S.A.18A:17-34 and 19-1 through 19-4.1. The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures. In accordance with AICPA Statement on Auditing Standards (SAS) #70, as amended by SAS # 88 and SSAE No. 16, a report on the Food Service Management Company's control structure, policies and procedures was received. An independent audit firm performed this audit. The District utilizes a food service management company and is depositing and expending program monies in accordance with NJSA 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract does not contain any operating results guarantee.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used. The examination did not and could not determine the quality, quantity or proper price of nonbid goods or services for which payments had been made. These details were necessarily covered by the approval of such claims. Revenues and receipts were established and verified as to the source and amount only insofar as the records permitted.

The Board of Education subsidized the Food Service Program in the amount of \$35,342 for the 2014-15 and \$1,310 for 2013-14 school years. The business office is monitoring the operations of the Food Service Fund to determine what steps should be taken to decrease the need for a board subsidy in the future.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supply items were currently maintained and appeared to be properly applied in determining the cost of food and supplies used.

Finding 2015-1

There was an operating deficit in the Food Service Fund requiring a transfer from the General Fund.

Recommendation

An evaluation of the Food Service Fund should be made, in order to identify the cause of the operating deficit.

Student Body Activities

The Board has a policy, which clearly established the regulation of student activity funds.

All receipts were promptly deposited.

A monthly report of student activity funds is being submitted to the Board.

Receipts appeared to be deposited promptly in the bank.

Vouchers and supporting invoices were maintained for the student activity fund purchases. All disbursements appeared to be supported by appropriate documentation.

Unemployment Trust

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund.

Extended Day Program

Extended Day Program activity (representing miscellaneous childcare program fee revenues and payment of related operating expenditures) is reported as an enterprise fund.

The analysis of Receipts and Disbursements submitted for audit, as adjusted, reconciled with the bank at June 30, 2015. Deposits were traceable to the monthly bank statements and made on a timely basis.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2014 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped and low-income. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District Workpapers without exception. The information that was included on the workpapers was also verified to the school registers without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed state forms or their equivalent.

The District has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2014-2015 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The County Summary was also compared to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Pupil Transportation (Continued)

Our procedures included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreements, if any, for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction. As of June 30, 2015 there exists five projects open capital projects, four with SDA grant agreements that are in the process of being closed out, with the remaining amounts due from NJSDA collected. The unspent balance in the projects, as of June 30, 2015 was \$62,888.

Follow-up on Prior Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action has been taken on all prior year findings.

Acknowledgment

We received the complete cooperation of all the officials of the school district, and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

SCHEDULE OF AUDITED ENROLLMENTS

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014**

	2015-2016 APPLICATION FOR STATE SCHOOL AID							SAMPLE FOR VERIFICATION						PRIVATE SCHOOLS FOR DISABLED			
	Reported On A.S.S.A. On Roll		Reported On Workpapers On Roll		Errors		Sample Selected From Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported On A.S.S.A. as				
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private Schools	Sample for Verification	Sample Verified	Sample Errors	
Full Day Preschool 4 yr	46		46		0			16		16							
Full Day Kindergarten	72		72		0			25		25							
One	43		43		0			15		15							
Two	44		44		0			16		16							
Three	53		53		0			19		19							
Four	40		40		0			14		14							
Five	41		41		0			15		15							
Six	36		36		0			13		13							
Seven	41		41		0			15		15							
Eight	47		47		0			17		17							
Nine																	
Ten																	
Eleven																	
Twelve																	
Subtotal	463	0	463	0	0	0	0	165	0	165	0	0	0	0	0	0	0
Special Ed - Elementary	52		52		0			18		18							
Special Ed - Middle	42		42		0			15		15			1	1	1		
Special Ed - High																	
Subtotal	94	0	94	0	0	0	0	33	0	33	0	0	0	1	1	1	0
Totals	557	0	557	0	0	0	0	198	0	198	0	0	0	1	1	1	0
Percentage Error					0.00%	0.00%					0.00%	0.00%					0.00%

SCHEDULE OF AUDITED ENROLLMENTS

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014**

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	Reported On A.S.S.A. as Low Income	Reported On Workpapers as Low Income	Errors	Sample Selected From Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected From Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Preschool 4 yr												
Full Day Kindergarten	59.0	59.0		27.0	27.0							
One	38.0	38.0		17.0	17.0							
Two	34.0	34.0		16.0	16.0							
Three	46.0	46.0		21.0	21.0							
Four	29.0	29.0		13.0	13.0							
Five	33.0	33.0		15.0	15.0							
Six	32.0	32.0		15.0	15.0							
Seven	35.0	35.0		16.0	16.0							
Eight	34.0	34.0		16.0	16.0							
Nine												
Ten												
Eleven												
Twelve												
Subtotal	340.0	340.0	0.0	156.0	156.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Ed - Elementary	51.0	51.0		23.0	23.0							
Special Ed - Middle	41.0	41.0		19.0	19.0							
Special Ed - High												
Subtotal	92.0	92.0	0.0	42.0	42.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec.												
Totals	432.0	432.0	0.0	198.0	198.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Percentage Error		0.00%			0.00%							

TRANSPORTATION

	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors		
			Reported				Re-Calculated	
Reg. - Public Schools	628	628		181	181			
Reg. - Special Ed.	98	98		28	28			
AIL - Non-Public	21	21		6	6			
Transported - Non-Public								
Special Needs - Public	58	58		17	17			
Totals	805	805	0	232	232	0		
Percentage Error		0.00%						

Avg. Mileage - Regular Including Grade PK students
Avg. Mileage - Regular Excluding Grade PK students
Avg. Mileage - Special Ed with Special Needs

Reported	Re-Calculated
6.8	
6.9	
14.7	

SCHEDULE OF AUDITED ENROLLMENTS

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Report On A.S.S.A. as NOT Low Income</u>	<u>Report On Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected From Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Full Day Preschool 3 yr						
Full Day Preschool 4 yr						
Full Day Kindergarten						
One						
Two						
Three						
Four						
Five						
Six						
Seven						
Eight						
Nine						
Ten						
Eleven						
Twelve						
Subtotal	0	0	0	0	0	0
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Subtotal	0	0	0	0	0	0
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	0	0	0	0	0	0

Percentage Error

0.00%

0.00%

TOWNSHIP OF COMMERCIAL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 1

A. 2% Calculation of Excess Surplus

2014-15 Total General Fund Expenditures per the CAFR	\$ <u>13,167,544</u>	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	<u> </u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>19,526</u>	(B1b)
Transfer from General Fund to SRF for PreK-Regular	<u> </u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	<u> </u>	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	<u>771,031</u>	(B2a)
Assets Acquired Under Capital Leases	<u> </u>	(B2b)
 Adjusted 14-15 General Fund Expenditures [(B)+(B1s)-(B2s)]	 <u>12,416,039</u>	 (B3)
 2% of Adjusted 2014-15 General Fund Expenditures [(B3) times .02]	 <u>248,321</u>	 (B4)
Enter Greater of (B4) or \$250,000	<u>250,000</u>	(B5)
Increased by: Allowable Adjustment*	<u>3,795</u>	(K)
 Maximum Unassigned/Undesignated-Unreserved Fund Balance[(B5)+(K)]		 \$ <u>253,795</u>

SECTION 2

Total General Fund - Fund Balances @ 6-30-15 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>663,810</u>	(C)
Decreased by:		
Year-end Encumbrances	<u>-</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>100,000</u>	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>14,587</u>	(C3)
Other Restricted Fund Balances****	<u>64,055</u>	(C4)
Assigned Fund balance Unreserved - Designated for Subsequent Year's Expenditures	<u>-</u>	(C5)
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		 \$ <u>485,168</u>

TOWNSHIP OF COMMERCIAL SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 3

Restricted Fund Balance- Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 231,373

Recapitulation of Excess Surplus as of June 30, 2015

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	14,587
Reserved Excess Surplus ***[(E)]	<u>231,373</u>
Total Excess Surplus [(C3) + (E)]	\$ <u>245,960</u>

Footnotes:

- * Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:
 - (H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2015 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve-General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
 - (I) Sale & Lease-Back (Refer to the Audit Program Section II, Chapter 10);
 - (J1) Extraordinary Aid;
 - (J2) Additional Nonpublic School Transportation Aid;
 - (J3) Recognized current year School Bus Advertising Revenue; and
 - (J4) Family Crisis Transportation Aid.
- Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____
Sale & Lease-Back	_____
Extraordinary Aid	<u>141</u>
Additional Nonpublic School Transportation Aid	<u>3,654</u>
Current Year School Bus Advertising Revenue Recognized	_____
Family Crisis Transportation Aid	_____
Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	\$ <u>3,795</u>

- ** This amount represents the June 30, 2015 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.
- *** Amounts must agree to the June 30, 2015 CAFR and must agree to Audit Summary Worksheet Line 90030.
- **** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance and Regulatory Compliance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	_____
Capital reserve	<u>255</u>
Maintenance reserve	<u>22,500</u>
Emergency Reserve	<u>41,300</u>
Tuition reserve	_____
School Bus Advertising 50% Fuel Offset Reserve - Current Year	_____
School Bus Advertising 50% Fuel Offset Reserve - Prior Year	_____
Impact Aid General Fund Reserve (Sections 8007 and 8008)	_____
Impact Aid General Fund Reserve (Sections 8002 and 8003)	_____
Other state/government mandated reserve	_____
[Other Restricted Fund Balance not noted above] ****	_____
Total Other Restricted Fund Balance	\$ <u>64,055</u>

